

9-B

**CITY OF EVANSVILLE
MEMORANDUM**

August 6, 2008

To: Finance & Labor Relations Committee
From: Dan Wietecha, City Administrator

DW

Re: Miscellaneous Items to Consider with 2009 Budget

As we begin budgeting for 2009, there are a few items to highlight simply because they are new.

1. **Expenditure Restraint Aid** – Because of tighter levy limits, more municipalities are expected to be eligible for this funding. Consequently, Evansville and other cities already participating in the program can expect a reduction in 2009. We currently receive \$60,000 from the state.
2. **Room Tax** – Estimating 50% occupancy, this would be about \$30,000 in new revenues to the city. It must be spent on marketing or tourism promotion. Marketing is one of the key items in the recently approved economic development plan, and I expect the economic development committee to propose a budget for the room tax.
3. **Stormwater Utility** – The stormwater management utility became effective August 1st. It has some front-loaded expenses for capital projects but is projected to break even in 2010. The city already approved a \$60,000 loan to start the utility, but it may need additional funds in its first year.
4. **Capital Budget** – Several recent projects have involved multiple city departments, state grants with certain restrictions, multiple TIF districts, deferred assessments, and just too many moving parts. Lisa and I will be revamping the format for the 5-year capital budget to better track these projects in the future. We may also look at booking all expenses through the capital projects fund and then allocating them as contra-expenses to the different departments.
5. **New Fire Hall** – The city's share of the annual debt service on the new fire station is estimated around \$100,000.
6. **Post Office Property** – Late last year the city purchased the post office building to accommodate future expansion of the library. The city does receive rent from the postal service. This does cash flow in 2009 but will be about \$12,000 short in 2010 and each subsequent year.
7. **Interfund Loans** – Since tax increment projects have a lag time before they start generating revenue, the city has approved interfund loans for projects in TID #5 at 1.5% and TID #6 at 5% interest. We will be revising our unwritten policy 1) to better document such loans, 2) to better track the loans and accrued interest, 3) to charge a fair rate of interest, and 4) to apply the policy to any other non-TIF interfund loans.